

Information note

28 October 2010

TRANSMISSION CAPITAL PARTNERS SELECTED TO RUN ORMONDE TRANSMISSION LINK

Transmission Capital Partners has been selected to run the transmission link for the 150 MW Ormonde offshore windfarm off the Cumbrian coast. This follows the announcement in August of the preferred bidders to operate the first £700 million worth of offshore transmission links. The Ormonde transmission link is worth a further £100m.

Following a close competition between bidders at the Invitation to Tender (ITT) stage, Ofgem decided to invite three out of the four original bidders to make their best and final offers (BAFO). Through a BAFO process designed to ensure best value for money for both customers and wind farm generators, Ofgem selected Transmission Capital Partners (a consortium of Transmission Capital, International Public Partnerships and Amber Infrastructure Group) as the preferred bidder. Balfour Beatty Capital have been selected as the reserve bidder.

Overall the current tender round is forecast to deliver savings of £350 million for offshore wind farms and consumers.

These decisions follow the setting up of the Offshore Transmission Regime by DECC and Ofgem's delivery arm, Ofgem E-Serve, to deliver the high voltage links to offshore wind farms as cost effectively as possible. In total high-voltage cable links worth over £20 billion would be needed to connect a potential of around 50 GW of offshore wind over the coming years.

Notes to editors

1) Future Tender Rounds

As announced in August, the Invitation to Tender (ITT) stage for the Greater Gabbard project is being re-run and will be commenced later this year. Ofgem will also commence a second **Transitional** round of tenders later this year for assets providing approximately 2GW of transmission capacity, with a potential asset value of around £1.8 billion.

DECC and Ofgem recently confirmed the decision to introduce flexibility into the **Enduring** regime. This would allow developers the choice of seeking offshore transmission licensees, following tender processes run by Ofgem, to take on responsibility for either:

- the ongoing finance, operation and maintenance for transmission links designed and built by the generator developer and transferred to the operator upon completion of construction; or
- the design, construction, finance and on-going operation and maintenance of the transmission links.

DECC and Ofgem will shortly be consulting on detailed implementation proposals to support the introduction of this flexibility.

For more information see Factsheet 79 "*Networks for offshore wind power – regulating for sound investment*", available from the Ofgem website at www.ofgem.gov.uk.

3) Ofgem E-Serve

To reflect the importance of sustainability and the low carbon agenda, the Ofgem Group is made up of two Business Units: **Ofgem**, the regulator and **Ofgem E-Serve**, its delivery arm.

Ofgem E-Serve focuses on administering environmental programmes such as the Renewables Obligation, Carbon Emission Reduction Target (CERT), Community Energy Saving Programme (CESP), the Feed-in-Tariffs scheme for microgeneration and the Climate Change levy exemption for renewables. It also manages the delivery of sustainability projects such as offshore transmission connections.

4) Advisors

Ofgem's advisors on the first transitional tender round include Ernst & Young, Royal Bank of Canada, KEMA, Herbert Smith and Willis.

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